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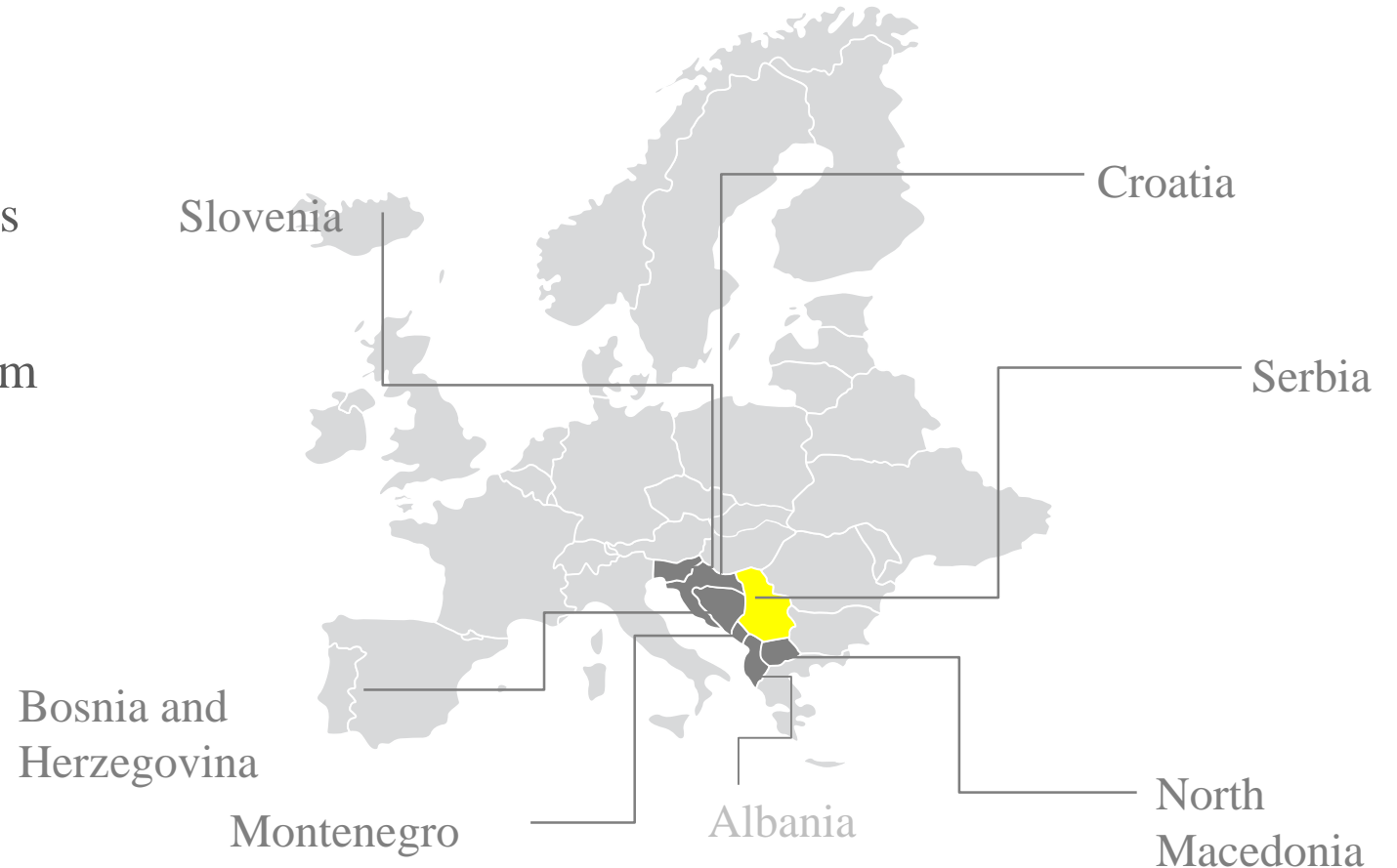
A new energy perspective for the Energy Community

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**independent Attorney at Law in cooperation with Karanović & Partners*

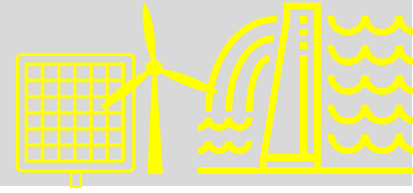
Energy and Natural Resources Industry Group

- One of 11 Karanovic industry groups
- Covering SEE region
- Managed and coordinated from Belgrade



SUBSTRAINCATION

Sustainable energy system



—Demand for electricity is constantly increasing

—To meet demand, the policies to ensure:

- Greener coal
- Aggressive deployment of renewables (focus on wind)
- Efficiency

Steps have been taken into a right direction, but acceleration is needed

Greener Coal

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




Carbon and TPPs

- Revitalization and phasing out
- Shortfall of some 6,000 GWh annually
- The Strategy envisages replacement with new conventional (Kostolac B3 construction already commenced)

Carbon and TPPs

- Revenues not enough to cover investments (only for revitalization some EUR 634 million planned)
- Incompatible state aid?
- Subsidies
- Carbon prices
- Other externalities

51 Sb Antimony	4 Be Beryllium	 Borates	6 C Carbon
27 Co Cobalt	 Coking coal	 Fluorspar	31 Ga Gallium
32 Ge Germanium	49 In Indium	 Magnesite	12 Mg Magnesium
Natural graphite	41 Nb Niobium	 Phosphate rock	Platinum Group Metals
Heavy Rare Earth Elements	Light Rare Earth Elements	14 Si Silicium (Silicon metal)	74 W Tungsten (Wolframium)

Aggressive Renewables



Status of RES

- The total installed capacity of RES is approx. 3,500 MW (primarily large hydro)
- Private RES (small hydropower, wind, solar, etc.) approx. 530 MW of installed capacity

Only in wind more than 500MW in development waiting for new scheme

How to attract



—Stability

—Bankability

—Competitiveness

How to deal with challenges

Intermittency

—Distributed generation

—Gas-fired plants

—Smart grids

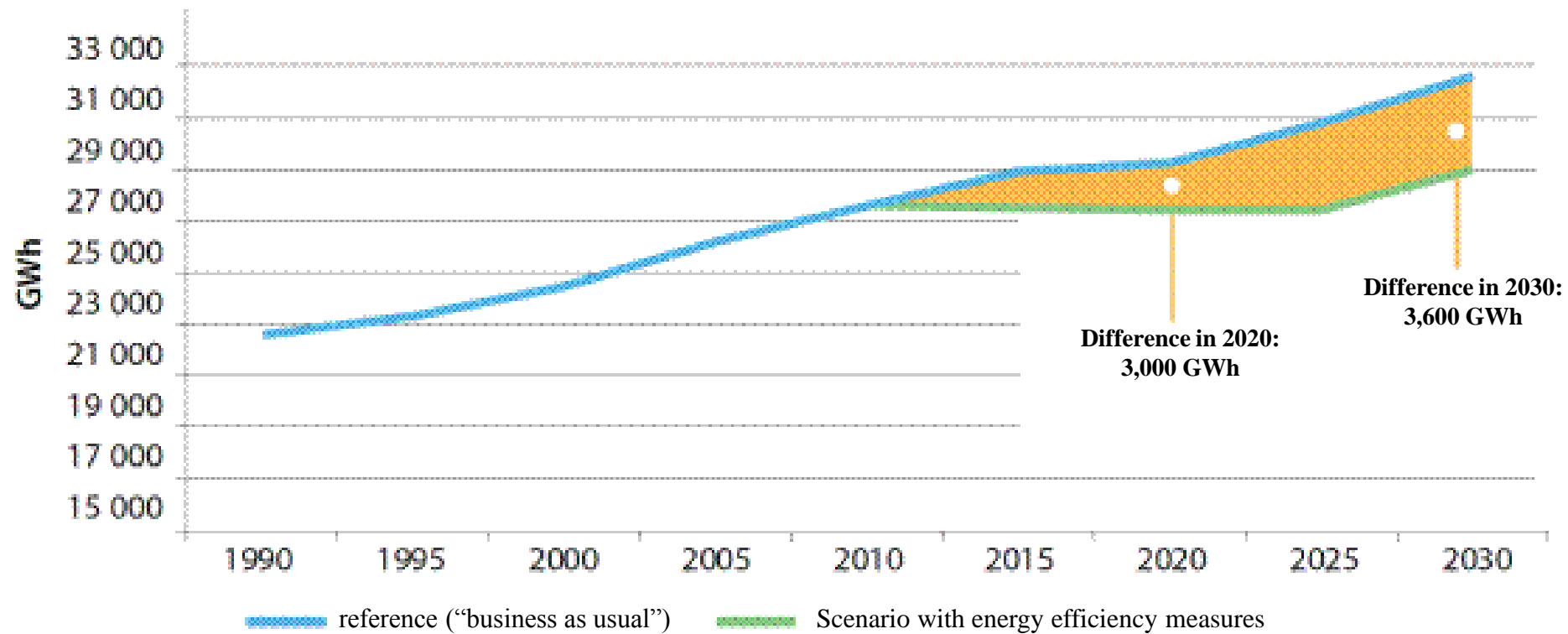


Efficiency

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Efficiency is a new source



Source: Energy Development Strategy of the Republic of Serbia

Key areas to boost efficiency

—Continue improvement of regulatory framework

—ESCO

—Public procurement

—Easy access to financing

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Thank you!

**The information in this document does not constitute legal advice on any particular matter and is provided for general informational purposes only.*